
California State Transportation Agency

# California Transportation Infrastructure Priorities: Vision and Interim Recommendations

Investing in California's Future

February 5, 2014

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# Contents

# CTIP Interim Recommendations

## 1 Introduction

What should California's transportation system look like in ten years? How do we get there? These are the questions the California State Transportation Agency (CalSTA) sought to answer when it established the California Transportation Infrastructure Priorities (CTIP) workgroup in April 2013. The workgroup examined the current status of the state's transportation system and discussed the challenges that lie ahead. We offer here both a vision for California's transportation future and a set of immediate action items toward achieving that vision that are centered around the concepts of ***preservation, innovation, integration, reform,*** and, of course, ***funding***. The transportation vision in this interim report represents a general consensus of the CTIP workgroup.

Importantly, we also call for CTIP to continue its work into 2014 to build a more complete consensus around additional policies and long-term funding options to meet the state's sizable transportation needs and to provide a forum for responding to key recommendations such as those expected in 2014 from the work of the California Freight Advisory Committee (CFAC).

## 2 Vision

Recently, a news account appeared in which a man described the "train ride" he took in California with his young son from Los Angeles to Sacramento. His rail trip included two bus rides—one between Los Angeles and Bakersfield; one between Stockton and Sacramento. Sandwiched between the bus rides was a passenger rail trip between Bakersfield and Stockton, hampered by lengthy delays as the passenger train waited for freight traffic to clear the tracks. This was not the train trip the father envisioned for his young son excited about train travel. Alternatively, his trip could have been on the Coast Starlight service provided once a day by Amtrak between Los Angeles and the Bay Area. That trip would have taken the father and son about 12 hours.

Is this the traveling experience we are relying on to provide viable mobility options for Californians? There are nearly 32 million vehicles registered to operate on California's highways and local roads. Last year, those vehicles traveled some 331 billion miles throughout the state. At the same time, as the anecdote above suggests, the state does not provide a viable mobility option to driving for travelers moving between Northern and Southern California. Locally, many residents live far from work and school, necessitating driving for 75 percent of trips. We can do better by this dad, his son, and all Californians. And in the climate-change era, we must.

Today, it is imperative that California's transportation system delivers on three important objectives simultaneously—mobility, safety and sustainability.

The transportation system over the decades ahead must allow for the efficient flow of people and goods across our state and within our communities. Highways and local roads should be in a state of good repair and operate at optimal performance, getting the most out of our existing trillion-dollar assets.

Our infrastructure must be reliable and safe. The cars and trucks on our roads must emit less pollution, and they will, under the Governor's leadership to expand clean-vehicle technology in California. Importantly, interregional travel in California must provide choices for travelers —fast, clean, efficient, and convenient alternatives to vehicular travel for all Californians, including those who do not drive due to age, ability, income, or choice. Viable mobility options are necessary for the state to achieve its sustainability objectives and to integrate state policy with regional approaches to mobility choice. The implementation of a statewide high-speed rail system married with existing interregional and regional rail providers, local public transit systems, and efficient land use will provide necessary integration for seamless travel that is fast, clean, and convenient.

Finally, while transportation funding in California is highly decentralized — often resulting in a mine-versus-yours tug-of-war between the state and local governments — we must remember that our collective investments must yield a single transportation system meeting the mobility needs of all Californians and the sustainability objectives so important to the state's fight against the effects of climate change. Healthy partnerships between the state, local transportation agencies, and the federal government should yield transportation investments in a single system that reflects local, regional, and state priorities.

## 3 A Transformative Time for Transportation in California

A key challenge for today's transportation system is how to continue to achieve important mobility and safety goals while achieving necessary state sustainability goals. While providing mobility choice is one strategy, even in project delivery, environmental conservation and restoration must be considered to protect natural resources.

Toward that end, and in response to legislation and regulations enacted during the last decade, regions around the state have been at work adopting new "Sustainable Communities Strategies" included in Regional Transportation Plans that shift investments toward a broader suite of improvements providing greater mobility choices for travelers. This shift reflects the regions' collective efforts to provide a regional transportation system capable of meeting mobility, safety, and sustainability objectives through an integrated investment and more efficient use of land. Regional Transportation Plans recently adopted by the four largest MPO's share the following characteristics:

- Expansion of transit capacity, frequency, and connectivity;
- Higher proportion of funding for walking and biking projects;
- More investment in "managed lanes" on the state highway system;
- Greater focus on more efficient land-use and denser development near transit;
- Support for streamlined CEQA review of eligible projects; and
- Greater coordination between government and stakeholders.

For example, the Metropolitan Transportation Commission's (MTC's) recently adopted Plan Bay Area is the proposed growth strategy for that nine-county region. It exemplifies how regions are locating housing near job centers and diversifying their transportation investments to serve more efficient land-use patterns, focusing on preservation and providing more mode options for the traveling public. In Plan Bay Area:

- 87 percent of available transportation funds over the next 28 years are being dedicated to asset preservation (local streets and roads and rail and bus system preservation);
- Six of the 10 largest transportation projects funded are public transit projects;
- The largest freeway improvement includes pricing new capacity and improving the existing High Occupancy Vehicle (HOV) lane network; and
- $14 billion of the region's $60 billion in discretionary funds over the growth period are being dedicated to enhancing the "livability" of the region (i.e., rewarding jurisdictions that produce housing in identified priority development areas with funding for local street improvements, bike and pedestrian improvements, planning activities, and ecological and farmland conservation areas)

Regions are acting to meet mobility, safety, and sustainability objectives in an integrated way pursuant to the state's climate-change and greenhouse-gas-emission-reduction laws (AB 32, Statutes of 2006, and SB 375, Statutes of 2008) that required the regions to consider these issues in the adoption of their transportation and land-use plans. However, regions are primarily concerned with travel that is local and regional. The state is the governmental entity that must address interregional travel. A key challenge, then, for state policymakers today is to adopt policies for interregional travel and commerce that integrate well with regional strategies.

We include in this report a set of interim recommendations that provide an emphasis on four core concepts to improve the state's transportation system — preservation, innovation, integration, and reform. These concepts are the broad categories through which we propose to further a transportation system capable of delivering on the state's transportation objectives.

## 4 Preservation

Regions around the state are recognizing the importance of keeping their transportation assets in a state of good repair. So must the state. Our state highway system was largely built in the two decades following World War II. This system is reaching or exceeding its original useful life. The system remains under huge demand with more vehicles driving more miles on it than ever before. While there is always pressure to expand the state highway system, expansion must remain a second priority to investing in the management, preservation and efficient operation of our existing assets. The same is true for local governments and transit operators with respect to their assets (i.e., local streets and roads and public transit equipment).

We recommend taking actions to assist regions and local governments in preserving their assets while fully implementing the state's "fix it first" approach to the highway system. We learned during the CTIP

workgroup process that the state ranks 48th in the nation in terms of highway condition, with more than half of our highway lanes either in distressed condition or in need of preventative maintenance; more than 1 in 4 culverts necessary to manage stormwater runoff are in need of repair; and more than 30 percent of the technical equipment (e.g., ramp meters, vehicle detectors, and video cameras) used to operate the highway system are not in working condition.

Similar to state highways, most counties experience average local road conditions in an "at risk" classification, with up to 25 percent of roads projected to be in "failed" condition by 2022. Poor roadway conditions also affect the safety of bicyclists and pedestrians. Finally, bus, passenger rail, and ferry fleets operate over 20,000 vehicles, with a significant portion of the fleet at or exceeding the recommended replacement age.

Potholes and other imperfections in the roadway come with real costs to motorists, estimated by one study at more than $700 per household each year. Improving our roadway through renewed focus and investment and on the operation of the highway system through the deployment of working intelligent transportation equipment and other preservation strategies provides myriad benefits that include:

- Improved and safer traveling experience for all road users;
- A 10 to 1 return on investment in maintenance over delayed rehabilitation replacement;
- Vehicle repair cost savings for motorists, bicyclists, and transit vehicles traveling on smoother roads;
- Reduced greenhouse gas emissions through improved vehicle efficiency; and
- Greater sustainability through the use of energy-efficient materials and equipment on our roadways.

## 5 Innovation

Innovation is a key component to developing a transportation system capable of meeting our mobility, safety and sustainability objectives. California has been and will continue to be a leader when it comes to innovative approaches to transportation and environmental challenges.

Last year, the Governor signed legislation and took other actions that expand the state's leadership in this area. Bills enacted into law during 2013 include the expansion of the design-build procurement method as an additional tool to deliver transportation projects most efficiently (AB 401, Daly); the continued availability of funding for clean vehicle technologies and the development of alternative fuels to provide for mobility while addressing our air quality needs (AB 8, Perea); reforming how transportation-related mitigation associated with new development is measured and implemented to encourage more infill and transit-oriented development (TOD) (SB 743, Steinberg); expanding opportunities for locals to fund needed public transit investments crucial to their sustainable growth plans (SB 142, DeSaulnier); creating the Active Transportation Program (SB 99, Committee on Budget and Fiscal Review); and, perhaps most notably, is the Governor's execution of a multi-state plan to see 3.3 million zero-emission vehicles on the nation's roads by 2025, including 1.5 million in California alone.

Innovation—including the use of technology—to improve the performance of our transportation system and to provide modes of travel that are faster and cleaner than traditional modes is the key to charting a sustainable path forward. The implementation of high-speed rail in California, the utilization of working Intelligent Transportation System (ITS) equipment to manage congestion and improve the operations of our highway system, the exploration of autonomous vehicles, and other convenient mobility services (e.g., automated car-sharing, integrated transit passes, transit time information) are all examples of innovative components of California's future transportation system.

## 6 Integration

A pivotal component of transportation planning and delivery in California today, integration is at the heart of developing plans and strategies to accommodate California's unyielding growth that adds five million more residents each decade. Regions have integrated multi-modal transportation investments with plans for housing and commercial development and open space in efforts to accommodate growth efficiently, help the state meet its greenhouse gas emission reduction goals, and improve public health.

The primary challenge in this area is how the state can best support the implementation of regional strategies, and how to integrate the regional strategies with the state's strategies for interregional travel in California. This integration is how we develop one statewide transportation system that improves travel for system users, utilizes scarce resources most efficiently, and provides a path to meet statewide greenhouse-gas-emission-reduction and sustainability objectives. Greater integration encompasses many elements of our system, including planning, advanced mitigation, goods movement, and rail modernization.

Planning - pursuant to legislation passed in 2009 (SB 391, Liu), Caltrans has commenced its update to the state's transportation plan. The California Transportation Plan 2040 (CTP 2040) process represents an important step toward integrating regional transportation plans with a statewide plan. The vision for CTP 2040 is to achieve a fully integrated, multimodal and sustainable transportation system in California that delivers on the "3E's"--a prosperous economy, a quality environment, and social equity. This plan should reflect strategies for how the state will integrate regional transportation plans into a statewide plan to provide a single, seamless transportation system in California. The CTP 2040 will come before the Secretary of the Transportation Agency for approval in December 2015.

Advanced Mitigation - another integration step is advanced mitigation, which is compensatory environmental investment that takes place prior to the permitted transportation project. Advanced mitigation allows for larger and better-integrated mitigation parcels to maximize the biological benefit. Both San Diego and Orange counties have implemented successful advanced mitigation and Caltrans and High-Speed Rail are advancing efforts to expand its use by the state.

Goods Movement – as the home to 3 of the 5 busiest seaports in the nation and sharing a border with Mexico, its top export market, California must integrate strategies for moving people with those for

moving goods. Goods movement, or logistics, is intertwined with every aspect of California's transportation system. Whether freight is sharing our highways, runways, waterways, or railways, it moves through every region of this state. Therefore, California must take a statewide, integrated planning approach to goods movement. This means identifying priority corridors for investment and available funds to invest.

Legislation passed in 2013 (AB 14, Lowenthal) statutorily established California's first ever Freight Advisory Committee. During 2014, the California Freight Advisory Committee (CFAC), will continue the work it began last year to revise and update the state's Goods Movement Action Plan with the new California Freight Mobility Plan, due to be completed in December 2014. The plan will identify statewide trade corridors of significance and outline strategies for minimizing freight's impact on communities and achieving state environmental objectives through a more sustainable freight policy. CFAC is also serving as a single stakeholder policy forum to develop a statewide consensus around advocacy principles for communicating with the federal government about the National Freight Network and this year's federal funding reauthorization bill. We recommend continuing the work of CTIP through 2014 so the working group can consider the policy implications of the work of the California Freight Advisory Committee.

Rail Modernization - perhaps the best single opportunity for statewide integration is in the development of high-speed rail in California. Today, as noted, a single passenger rail trip from Los Angeles to the Bay Area is nearly a 12-hour journey. The development of high-speed rail offers a better, cleaner, faster alternative. As an interregional mode of travel, it must integrate with the expansion of public transit systems and appropriate land use as called for in adopted Sustainable Communities Strategies. This integration is pivotal to the seamless operation of high-speed rail, to lifting ridership on passenger rail and public transit generally, to improving access to housing and employment, and to meeting California's sustainability objectives. Our recommendation to begin utilizing Cap and Trade funds for rail modernization makes funds available for the development of high-speed rail and for improvements on local and interregional multi-modal systems with which high-speed rail will connect. This proposal reflects the importance of integration to this project's success and to improved mobility in California.

## 7 Reform

Over the course of the last 15 years, laws seeking to transform transportation in California have largely left it to regions to spend state funds on new transportation projects (SB 45, 1998) and to provide the vision for our transportation future through regional planning (SB 375, 2008). Moreover, the emergence of local-sales tax measures for transportation have created billions of dollars for local transportation priorities, including capacity increases on the state highway system that the state helps deliver, then maintains and preserves with scarce state funds. Seemingly left out of the equation for how the state's transportation system will achieve statewide mobility, safety, and sustainability objectives is the very state department charged with doing just that —Caltrans.

For years, the Department of Transportation (Caltrans) has delivered on mobility and safety objectives. Caltrans has built, and today operates, a state highway system with 50,000 lane miles upon which 55

percent of vehicular trips in California travel. In terms of safety, just last year, Caltrans completed a two-decade old program to seismically retrofit more than 3,500 state- and locally-owned bridges and overpasses against the devastating power of earthquakes. The program culminated with the opening of the new Eastern Span of the San Francisco-Oakland Bay Bridge in September 2013, the largest safety project in the state's history. Moreover, Caltrans, the California Highway Patrol (CHP), and the state's Office of Traffic Safety (OTS) have combined to fund important safety improvement and education programs that helped the state achieve the lowest fatality rate ever on the state highway system—less than one fatality per 100 million vehicle miles traveled.

Today, more is demanded of our transportation system; therefore, more is demanded of our department. As the state's transportation objectives expand to include greater sustainability in the climate-change era, so must the department's mission. Today, its mission and vision must reflect how it will lead the way toward delivering a transportation system capable of meeting our collective goals of mobility, safety and sustainability.

Caltrans has demonstrated its capability to meet the expanded demands of a modern transportation system. The department has already displayed impressive greenhouse gas emission reductions in its operations by making more efficient its facilities, vehicles, equipment, and materials. Caltrans reported last year that it has reduced its GHG emissions by 161,000 metric tons through these efficiencies. Over the years, Caltrans has provided local jurisdictions with a series of research grants and technical assistance to advance efficient land use, transit, and active transportation. It should strive to expand these efforts by making efficiency and sustainability a core principle of its operations and by being a national leader among state departments of transportation in this area. To succeed, the department will need to commit to modernizing its mission and updating its manuals, guidelines, and strategic plan. This commitment is also expected to be reflected in the department's revision of the state transportation plan--the California Transportation Plan 2040.

Of course, for an organization to lead, it must have credibility and instill confidence in those it serves. Perhaps because of its seemingly decreasing role in a "regionalized" transportation world, Caltrans has been marginalized and a bit adrift. Stakeholders have commented that the department's focus is outdated, leaving the organization lost in terms of mission and challenged in the areas of communication, performance, and accountability.

The department has commenced an internal performance review to improve its structure and operation, and the Agency contracted with an outside entity — the State Smart Transportation Initiative (SSTI) —to update the department's mission and recommend needed changes to improve the department's performance, accountability, and communication with its stakeholders. In short, the efforts are intended to make Caltrans an effective partner and leader in meeting our collective transportation objectives. The recommendations from SSTI were released on January 30, 2014, and the administration expects to work with the legislature and other stakeholders to see them implemented.

## 8 Funding

Of course, these strategies do not answer the obvious challenge of funding. And when it comes to transportation policy in California, funding is always a challenge. Simply put, needs always outpace available revenues. Nearly fifteen years ago, the California Transportation Commission (CTC) conducted a broad survey of transportation stakeholders to assess the "need" for transportation infrastructure in California. That survey, conducted in response to Senate Resolution 8 (Burton, 1999), estimated a ten-year transportation infrastructure need of approximately $110 billion. In late 2011, thirteen years after the SR8 report, and five years after voters approved a $19.9 billion bond measure for transportation, the CTC conducted another survey of stakeholders to assess the state's transportation needs. That assessment concluded that the unfunded ten-year need is $296 billion.

Survey-based needs assessments provide an overall inventory of needs — and wants. They do not, by themselves, prioritize among the vast array of improvements sought nor do they constrain the inventory by what is actually deliverable in the short-, mid-, or long-term. Clearly, the state has unfunded needs, but our objective is not to “chase a number.” Instead, it is to lay out a vision for providing a transportation system capable of meeting our mobility, safety, and sustainability objectives, and aligning resources to meet those goals.

Make no mistake: we do need additional long-term, flexible, pay-as-you-go sources of funding dedicated to transportation improvements, including for the preservation and improved operations of the state highway system. Our “Crosscutting Recommendations” below include immediate actions the state should take to begin addressing this funding need, while also seeking to continue our work with the CTIP group to pursue additional long-term funding strategies and reforms to our transportation system.

The state excise tax, now the highest in the country (when combined with the federal rate), may not be the best source of funding for our long-term needs. First, excise tax revenues are anticipated to continue to decline as vehicle efficiency improves in California. Second, the flat per-gallon excise tax does not grow with inflation, which over time can significantly reduce the purchasing power of this revenue. A new approach to funding is necessary to prevent a steady disinvestment in our transportation system. The emergence of the Cap and Trade expenditure program provides an opportunity to expand investment in carbon-reducing transportation programs. We recommend putting Cap and Trade revenues to use as soon as possible, along with other short-term and long-term funding strategies in our recommendations below.

## 9 Near-term Crosscutting Recommendations

We describe these recommendations as “crosscutting” because, collectively, they further the concepts of preservation, innovation, integration, and reform necessary to meet the state’s transportation objectives. Moreover, these recommendations stress the importance of “partnership” in funding and delivering transportation improvements in California. Our immediate recommendations include the following:

## 9.1 Put Cap and Trade funds to work on carbon-reducing transportation investments

### 9.1.1 Rail Modernization

Fund an ongoing program to modernize passenger rail in California. The Governor's Budget moves in this direction by proposing $300 million from Cap and Trade revenue to continue the work of modernizing and integrating rail transportation. Of this amount, $250 million would further the development of the high-speed rail system beyond the initial construction segment in the Central Valley and through the Tehachapi Mountains to connect Northern and Southern California by rail for the first time since 1874. Funding of $50 million would be provided through competitive grants to interregional, regional, and commuter rail that will connect with high-speed rail and provide for seamless travel between the interregional high-speed system and regional and local systems. Rail modernization will reduce auto vehicle miles traveled, and promote infill development in our urban areas.

### 9.1.2 Sustainable Communities Implementation

Fund a program with a focus on the implementation of SB 375. The Governor's Budget moves in this direction by including $100 million for the Strategic Growth Council to support regionally-adopted sustainable communities strategies that integrate multi-modal investments. Cap and Trade funds should be used to provide resources for regions seeking to implement their integrated transportation and land use plans through investments that include, but are not limited to, the following: public transit, bicycle and pedestrian facilities, low-income housing near transit, and agricultural land preservation at the urban edge.

### 9.1.3 Low Carbon Transportation

Fund a program to accelerate the transition to clean vehicles. The Governor's Budget includes $200 million for the Air Resources Board to accelerate the transition to low carbon freight and passenger transportation. This investment would support the Administration's goal to deploy 1.5 million zero-emission vehicles in California by 2025 and provide incentives for pre-commercial demonstration of advanced freight technology to move cargo in California.

## 9.2 Accelerate Repayment of Loans for Transportation Priorities

### 9.2.1 Repayment of Highway User Tax Account Loans

Repay loans for highway preservation. The Governor's Budget moves in this direction by including early repayment of $337 million in outstanding transportation special fund loans to the General Fund, including interest, to buy down the "wall of debt" and invest those funds in operational improvements and "fix it first" projects on the state highway system and local streets and roads. $100 million is proposed for allocation to cities and counties to repair local streets and roads. $237 million will repair highways, with a focus on both pavement and traffic management systems. These investments in cost-effective maintenance will reduce out-year costs and improve mobility.

### 9.2.2 Repayment of Active Transportation and Environmental Mitigation Loans

Repay loans for active transportation and environmental mitigation. The Governor's Budget includes early repayment and interest of $14 million in loans related to bicycling and pedestrian, and

environmental mitigation accounts. This repayment will provide a one-time boost of $9 million for the Active Transportation Program and $5 million for the Environmental Enhancement and Mitigation Program.

## 9.3 Appropriate Remaining Proposition 1B Bond Funds

### 9.3.1 Bond Dollars for Local Transit

Appropriate the remaining $793 million from the Proposition 1B Public Transportation Modernization, Improvement, and Service Enhancement Account for public transit capital improvements statewide.

### 9.3.2 Bond Dollars for Intercity Rail

To further rail modernization, appropriate the remaining $160 million in the Proposition 1B Public Transportation Modernization, Improvement, and Service Enhancement Account.

### 9.3.3 Reinvest Bond Savings

Reinvest savings of $113 million – and possibly more – from various Proposition 1B programs into new projects in the Trade Corridor Improvement Fund and other Proposition 1B programs.

## 9.4 Implement Reforms

There are multiple efforts underway to reform Caltrans by improving performance management and implementing new sustainability practices. Director Malcolm Dougherty initiated and continues his internal Program Review and Secretary Brian Kelly initiated an external review by the State Smart Transportation Initiative (SSTI) out of the University of Wisconsin. The SSTI report was released on January 30, 2014, and both efforts will help guide reform at the department to modernize its mission and once again lead the state effort to meet its transportation objectives.

# 10 Longer-term Crosscutting Recommendations

The near-term recommendations above represent a good start toward developing a world-class transportation system in California, but they do not reflect the end of our work. In addition to these, we seek to continue the CTIP workgroup through 2014 to pursue consensus around viable long-term, dedicated, pay-as-you-go funding mechanisms that will provide increased revenue for system preservation and operations investment, and other important needs. CTIP subgroups will also be formed to work on the following issues in 2014 with the intent to develop recommendations on full proposals in 2015.

## 10.1 Support efforts to maintain and expand the availability of local funds dedicated to transportation improvements.

The Governor's proposed 2014-15 Budget includes a proposal to make it easier for local governments to form Infrastructure Financing Districts (IFD's) to make improvements to local infrastructure, including for transportation projects. Under the Governor's proposal, IFD's can be formed with the support of 55 percent of affected voters rather than the two-thirds vote required under current law. This approach

may assist local governments in their efforts to make necessary investments for expanded economic development.

In the wake of the dissolution of redevelopment agencies in California, it is anticipated that efforts will be undertaken over the next couple of years to preserve the availability of funding or enhance the ability of local governments to invest in housing, education, transportation, and other infrastructure vital to expanding economic development. As these economic development and tax reform discussions move forward, the CTIP recommends continued consideration of lowering the vote-threshold for local sales taxes dedicated to transportation purposes from two-thirds voter approval to either 55 percent or majority vote. This very flexible source of transportation revenue brings in between $3 billion and $4 billion annually for a wide variety of transportation improvements—including improvements to local streets and roads, public transit systems, bicycle and pedestrian facilities, and the state highway system.

Any effort to achieve this objective should be accompanied by legislation that ties the lower vote threshold to an improved partnership between the state and local agencies particularly as related to investments affecting the highway system. Caltrans should be involved early in the development of local expenditure plans for these taxes and should enter cooperative agreements with the locals to address, at a minimum, the following issues:

- An agreed to timeline for the delivery of the projects on the state highway system;
- Life-cycle cost estimating for highway projects that estimate long-term maintenance costs and a cost-sharing agreement between the state and locals for these improvements;
- Cost-sharing for highway operational improvements—like the installation and maintenance of ITS equipment—to better manage congestion, monitor flow, and improve performance of the regional system; and
- A process to ensure the projects funded by the local tax revenues and contained in the local expenditure plan further the purpose of the regionally-adopted Sustainable Communities Strategy.

### 10.2 Explore a voluntary pilot program to study, review, and consider the viability of a Mileage-Based User Fee (MBUF) in California. This would have California join other western states to explore a new source of transportation funding.

Taxes on gasoline and diesel fuel comprise the largest single revenue source for investments in the state's transportation systems and fund a broad range of investments including, highways, local roads, active transportation, and transit. However, this revenue source is expected to decline in both real and nominal terms due to significant progress toward low-emission and zero-emission vehicles.

Recognizing this trend, several western states have initiated efforts to study more direct user fees for road usage. Oregon in particular has been a national leader, with the implementation of a demonstration program that explored different technologies for privacy protection and user

convenience. California should similarly advance the research and understanding of options for direct road usage fees.

### 10.3 Work with the Legislature to expand the department's use of pricing and express lanes to better manage congestion and the operations of the state highway system while generating new revenues for preservation and other corridor improvements.

Many regions of California have successfully utilized toll facilities and express lanes to manage congestion and provide funding for expansion and maintenance. Among the longstanding priced facilities are the toll bridges in the San Francisco Oakland Bay Area and the express lanes (or high-occupancy toll lanes) in Orange and San Diego counties.

Use of tolls for highway extensions can advance a project that might otherwise take decades to build with traditional financing. Conversion of high-occupancy vehicle (HOV) lanes to high-occupancy toll (HOT) lanes can be a tool to close gaps in an HOV network, maintain the facility, and upgrade transit and active transportation on the corridor.

The state and its partners should work to identify and advance pricing opportunities where such investments will best serve travelers – both travelers using the tolled facilities and those than benefit from decreased congestion on the related non-tolled facilities.

### 10.4 Work with stakeholders to ensure the State Transportation Improvement Program (STIP) is funding projects that meet a set of performance measures to meet the state's mobility, safety, sustainability and economic objectives.

The STIP is primarily funded with the State Highway Account, and allowable uses under the Constitution and under statute include investments in highway, local roads, and fixed-guideway rail. State statute directs 75 percent of the STIP for county shares of the Regional Transportation Improvement Program (RTIP) and 25 percent for the Caltrans-programmed Interregional Transportation Improvement Program (ITIP). State statute requires 60 percent of the ITIP to be directed to highway projects outside urban areas and a minimum of 15 percent of the ITIP be directed to intercity rail projects.

The CTIP workgroup should continue discussion of the STIP to answer this question: How should the STIP be modified to best meet today's transportation priorities, and how can that best be measured?

### 10.5 Work to address the recommendations of the California Freight Advisory Committee (CFAC).

As indicated earlier in this report, the California Freight Mobility Plan will identify statewide trade corridors of significance and outline strategies for minimizing freight's impact on communities and achieving state environmental objectives through a more sustainable freight policy. CFAC is also serving as a single stakeholder policy forum to develop a statewide consensus around advocacy principles for communicating with the federal government about the National Freight Network and this year's federal

funding reauthorization bill. Engagement of the CTIP group should help further the efforts of the CFAC within California and through advocacy with the federal government.

## 11 Conclusion

The CTIP group's vision for transportation is one that provides for the efficient flow of people and goods across our state and within our communities, while achieving our goals of mobility, safety and sustainability. Fulfillment of this vision would be achieved by a transportation system that is well-maintained, provides attractive multi-modal choices to travelers, and that integrates various state and local systems creating a seamless transportation network. The advice of the workgroup influenced the spending priorities in the Governor's 2014-15 budget - with additional funding directed to highway and road maintenance, rail modernization, active transportation, and SB 375 implementation. While the budget proposals represent a good first step, the work of the CTIP will continue into 2014 with a focus on the implementation of reforms and identification of sustainable pay-as-you-go funding mechanisms.

## CTIP Workgroup Participants

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